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**FISCAL IMPACT STATEMENT**

**LS 6734**  
**BILL NUMBER:** HB 1381

**NOTE PREPARED:** Feb 18, 2005  
**BILL AMENDED:** Feb 17, 2005

**SUBJECT:** New Tire Fee.

**FIRST AUTHOR:** Rep. Wolkins  
**FIRST SPONSOR:**

**BILL STATUS:** CR Adopted - 1<sup>st</sup> House

**FUNDS AFFECTED:**     **GENERAL**  
                              **X DEDICATED**  
                              **FEDERAL**

**IMPACT:** State

**Summary of Legislation:** (Amended) The bill imposes a waste tire fee of \$1 to be collected with motor vehicle registration fees. It requires: (1) 80% of the waste tire fees to be deposited in the Waste Tire Assistance Fund; and (2) 20% of the fees to be deposited in the Waste Tire Management Fund.

The bill establishes the Waste Tire Assistance Fund to be administered by the Indiana Recycling and Energy Development Board. It provides that the fund is to be used for: (1) making forgivable loans to assist persons that derive a beneficial use from waste tires; (2) reimbursing solid waste management districts that conduct waste tire collection days; and (3) providing incentive payments and reimbursements for waste tire processors and waste tire end users that use waste tires for a beneficial purpose.

The bill also repeals a provision that imposes a fee of \$0.25 on the sale of each new tire: (1) sold at retail; and (2) mounted on a new vehicle sold at retail.

**Effective Date:** July 1, 2005.

**Explanation of State Expenditures:** (Revised) The bill creates the Waste Tire Assistance Fund, which is to be administered by the Indiana Recycling and Energy Development Board. The Board is to use the money in the fund to make forgivable loans, reimburse solid waste management districts, and provide incentive payments. The bill also requires the Board to prescribe the application by which qualified entities must apply for assistance from the Fund. The Indiana Recycling and Energy Development Board currently administers similar funding programs for the purpose of assisting the development of the recycling market in Indiana.

**Explanation of State Revenues:** (Revised) Currently, the \$0.25 new tire fee is collected on each new tire sold at retail and each new tire mounted on a new vehicle sold at retail. The fee generated approximately \$1.6 M in FY 2004 and \$1.0 M in FY 2003, all of which was distributed to the Department of Environmental Management (IDEM). This bill repeals this fee, but imposes a fee of \$1.00 to be collected by the BMV, and allocates 80% to the Waste Tire Assistance Fund and 20% to the Waste Tire Management Fund. Of the distribution to the Waste Tire Management Fund, 25% of the revenue will go to IDEM and 75% will go to the Department of Commerce.

The \$1.00 fee is to be collected when vehicles are registered with the BMV. Based on the 5,997,357 vehicles registered in CY 2004, the fee would generate just under \$6 M. Of the total revenue, 80% or approximately \$4.8 M would be deposited in the Waste Tire Assistance Fund. Of the remaining 20%, or \$1.2 M, IDEM would receive approximately \$300,000, and the Department of Commerce would receive approximately \$900,000.

*Background:* Currently, all revenue generated by the \$0.25 fee is deposited in the Waste Tire Management Fund. Money in the fund is intended for waste tire cleanup and encouraging the development of the reuse market for waste tires via grants. Through an interagency agreement between the Budget Agency, IDEM, and Department Commerce, all revenue generated by the waste tire fee is used by IDEM (rather than splitting the fee with Commerce as specified in statute) for waste tire cleanup and providing Scrap Tire grants. This bill removes the language currently in statute by which the agreement was made. Money deposited in the new Waste Tire Assistance Fund is to be used for assisting with the collection, reuse, and recycling of waste tires throughout Indiana.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** Bureau of Motor Vehicles, Department of Environmental Management, Department of Commerce, Indiana Recycling and Energy Development Board.

**Local Agencies Affected:**

**Information Sources:** *State of Indiana Bureau of Motor Vehicles Annual Registration County Count*, Calendar Year 2004; *Indiana Department of Revenue Annual Report*, October 1, 2004.

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